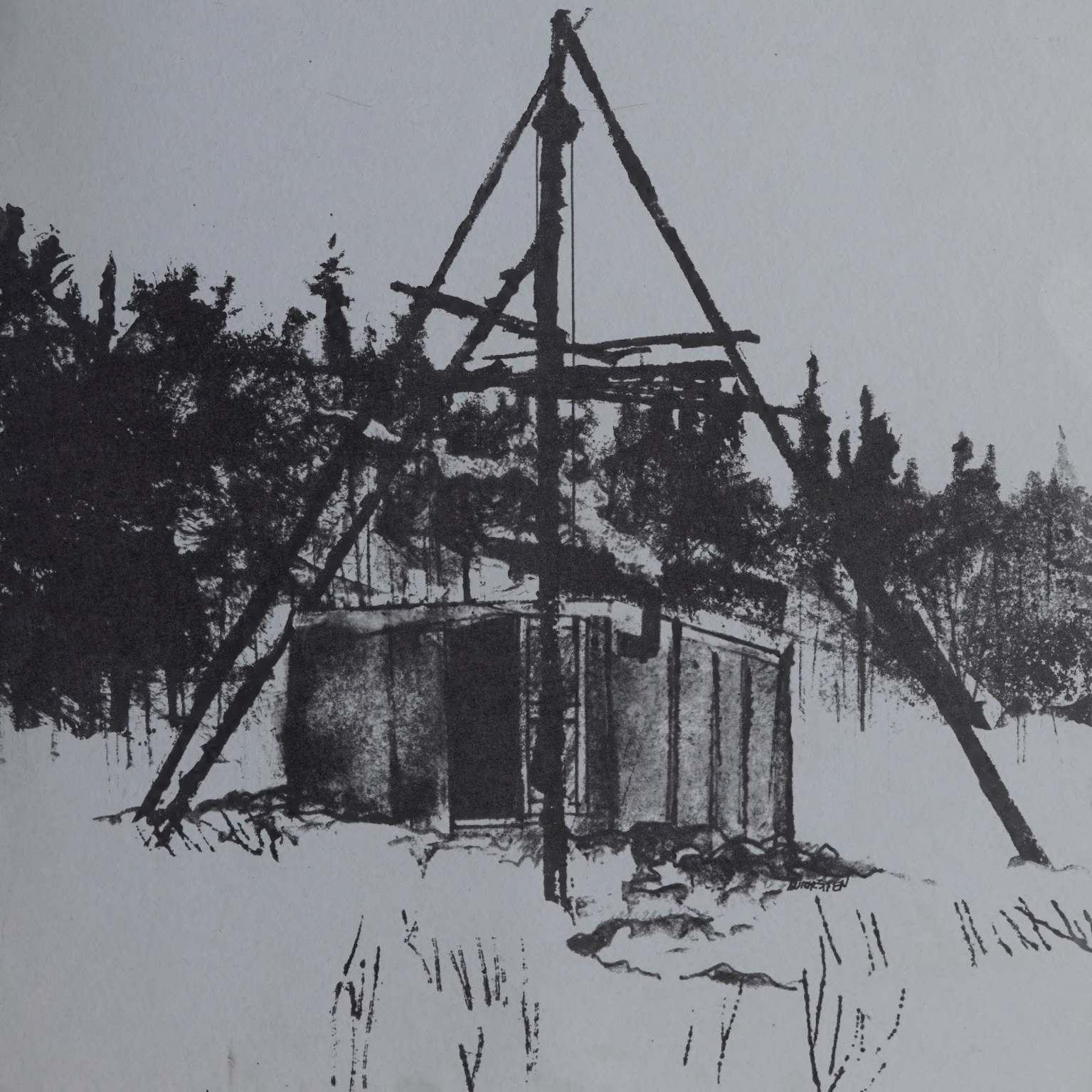


AR20

stall lake mines ltd. 1970 annual report



BOARD OF DIRECTORS: D. S. PATERSON, *Winnipeg, Man.*
F. E. COLE, *Winnipeg, Man.*
W. C. BRISBIN, *Winnipeg, Man.*
K. NUMEROW, *Winnipeg, Man.*
J. B. McSORLEY *Virden, Man.*

OFFICERS: D. S. PATERSON, *President*
W. C. BRISBIN, *Vice-President*
K. NUMEROW, *Secretary-Treasurer*
F. E. COLE, *Asst. Secretary-Treasurer*
J. B. McSORLEY, *Executive Assistant*

AUDITORS: THORNE, GUNN, HELLIWELL & CHRISTENSON,
Winnipeg, Man.

GENERAL COUNSEL: K. NUMEROW — SIMMS, NUMEROW & CO.
Winnipeg, Man.

CONSULTING GEOLOGIST: W. C. BRISBIN, P.ENG., *Winnipeg, Man.*

TRANSFER AGENTS: CANADA PERMANENT TRUST COMPANY
Winnipeg, Man.,
Vancouver, B.C.

STOCK LISTED: THE WINNIPEG STOCK EXCHANGE
THE VANCOUVER STOCK EXCHANGE

STALL LAKE MINES LIMITED
66F Polo Park
Winnipeg, Manitoba

TO THE SHAREHOLDERS

The last annual meeting of the Company was held in Winnipeg on September 30th, 1970. At that meeting Donald S. Paterson, William C. Brisbin, P.Eng., Kenneth Numerow, Francis E. Cole and John B. McSorley were re-elected as directors of the Company for the ensuing year.

Following the annual meeting the directors appointed the following officers:

President	Donald S. Paterson
Vice-President	William C. Brisbin
Secretary-Treasurer	Kenneth Numerow
Assistant Secretary-Treasurer	Francis E. Cole
Executive Assistant	John B. McSorley

To assist the Company in handling the increased workload resulting from negotiations to bring the Snow Lake ore body into production and from expanded exploration activities on other properties, Mr. William MacKayseff has been appointed as an alternate director.

SNOW LAKE, MANITOBA

Negotiations to bring into production your Company's ore body at Snow Lake, Manitoba, estimated to contain 672,641 short tons averaging 5.38% cu. and 2.28% zn., are proceeding both with Falconbridge Nickel Mines Limited and with other sources of financing. Your Directors are satisfied with the progress of the negotiations and are optimistic that the negotiations will be brought to an early and successful conclusion.

NEW CLAIM BLOCK

A new block of claims consisting of 840 acres has been acquired by your Company in the Snow Lake area of Manitoba. The new claim block is favourably located to the north-east of the block of claims on which our existing ore body has been found. As will be noted from the attached map, the new claim block is situated north-west of the Hudson Bay Stall Lake Mine and Anderson Lake Mine and south-east of the Osborne Lake Mine. The geology of the area runs from the south-west to the north-east. The Osborne Lake road and the C.N.R. branch line to the Osborne Lake Mine both cross the new claim block and the right-of-way for the proposed hydro electric transmission line, which will bring hydro electric power from Kettle Rapids to the Snow Lake area, has been surveyed approximately mid-way between our Rod claims and the new claim block.

Our consulting geologist has reviewed the previous work done on the claim block and has suggested that certain geophysical work be done on the claims. We are presently obtaining estimates of the cost with a view to undertaking the geophysical work. Previous work done has indicated that the over-burden on the new claim block is relatively shallow. If positive results are obtained from the geophysical work, a drilling program for the property will be considered.

On behalf of the Board

"D.S. PATERSON"

President.

January 18, 1971.

AR20

STALL LAKE MINES LIMITED

STATEMENT OF DEFICIT
(unaudited)SIX MONTHS ENDED SEPTEMBER 30, 1971
(with comparative figures for the six months
ended September 30, 1970)

	<u>1971</u>	<u>1970</u>
BALANCE AT BEGINNING AND END OF PERIOD	\$ <u>54,132</u>	\$ <u>55,589</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

SIX MONTHS ENDED SEPTEMBER 30, 1971
(with comparative figures for the six months
ended September 30, 1970)

	<u>1971</u>	<u>1970</u>
SOURCE OF FUNDS		
Issue of capital stock	\$ <u>7,200</u>	
APPLICATION OF FUNDS		
Claim options	4,000	
Addition to fixed assets	295	
Net deferred expenditures for the period	<u>28,634</u>	\$ <u>25,575</u>
	<u>32,929</u>	<u>25,575</u>
DECREASE IN WORKING CAPITAL	25,729	25,575
WORKING CAPITAL AT BEGINNING OF PERIOD	<u>177,374</u>	<u>213,778</u>
WORKING CAPITAL AT END OF PERIOD	\$ <u>151,645</u>	\$ <u>188,203</u>

Subject to year end adjustments and audit

On behalf of all of the members of the Board, I extend Season's Greetings to each of you and hope that the coming year will grant you health, happiness and prosperity.

On Behalf of the Board

"D.S. Paterson"

President.

December 7, 1971.

the balance of the construction stages, with unmarried personnel being permitted to remain on the property in mobile housing during production. Married personnel will be accommodated within the townsite of Snow Lake during production, with service lots and permanent housing to be provided by the mine. We are now awaiting receipt of the draft agreement from the Government Departments involved.

Application has also been made to the Clean Environment Commission for a permit enabling the mine to dispose of tailings and their considerations are awaited.

CLAIM BLOCKS AND KAYS CLAIMS

Following full consideration of the result of our geophysical programme, your Company has decided to drill a series of holes to intersect ten of the anomalies which were first discovered as a result of our geophysical work. The programme is now under way with the first series of holes being drilled on the claim blocks. Results of the drilling will be published as they become available.

INTERIM FINANCIAL STATEMENTS

The following financial statements have been prepared by the Company's auditors for the six month period ending September 30, 1971:

STALL LAKE MINES LIMITED
306 Grain Exchange Building,
167 Lombard Avenue,
Winnipeg, Manitoba.

TO THE SHAREHOLDERS:

The last annual meeting of the Company was held in Winnipeg on September 30, 1971. At that meeting the number of the Board of Directors was increased to six and Donald S. Paterson, William C. Brisbin, P.Eng., Jack B. McSorley, Kenneth Numerow and William Mackayseff were elected as Directors of the Company. Subsequent to the annual meeting the Directors appointed the following officers:

President
Vice-President
Secretary-Treasurer
Assistant Secretary-Treasurer
Executive Assistant

Donald S. Paterson
W.C. Brisbin, P.Eng.
Kenneth Numerow
Francis E. Cole
Jack B. McSorley

ROD CLAIMS - SNOW LAKE, MANITOBA

Progress in bringing the Rod Claims into production has continued although some of the problems involved have been more difficult to solve than originally anticipated.

Meetings with the Government of Manitoba have now resulted

STALL LAKE MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES (unaudited)

SIX MONTHS ENDED SEPTEMBER 30, 1971
(with comparative figures for the six months
ended September 30, 1970)

	<u>1971</u>	<u>1970</u>
Exploration and development		
Snow Lake, Manitoba		
Mine supplies, expenses and travel	\$ 1,819	\$ 700
Watchman's wages and benefits	307	1,916
Engineering and consulting fees	<u>4,215</u>	<u>2,616</u>
	6,341	2,616
Less reimbursements	<u>316</u>	<u>1,916</u>
	<u>6,025</u>	<u>700</u>
Claim Blocks 3558, 3559, 3560		
Geophysical survey	2,843	
Supplies and expenses	<u>295</u>	
	<u>3,138</u>	
Kay Claims		
Geophysical survey	6,601	
Supplies and expenses	<u>92</u>	
	<u>6,693</u>	
Canton Claims		
Geophysical survey	1,017	
Supplies and expenses	<u>93</u>	
	<u>1,110</u>	
Wildnest Lake, Saskatchewan		
Drilling		20,477
Consulting fees and expenses		<u>2,694</u>
		<u>23,171</u>
Administrative		
Accounting and audit		166
Office rent and telephone	1,493	795
Directors' and Officers' remuneration	3,600	3,600
Printing and postage	2,024	1,669
Salaries and car allowance	5,563 ⁷	827
Office supplies and general expenses	998	600
Transfer agents' fees and expenses	1,633	1,949
Travel and promotion	<u>1,506</u>	
	<u>16,817</u>	<u>9,606</u>
Net expenditure for the period	33,783	33,477
Deduct interest and dividends earned	<u>5,149</u>	<u>7,902</u>
NET DEFERRED EXPENDITURES FOR THE PERIOD	28,634	25,575
Balance deferred at beginning of period	<u>303,108</u>	<u>264,922</u>
BALANCE DEFERRED AT END OF PERIOD	\$ <u>331,742</u>	\$ <u>290,497</u>

Subject to year end adjustments and audit

STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT
AND ADMINISTRATIVE EXPENDITURES
(unaudited)

SIX MONTHS ENDED SEPTEMBER 30, 1970
(with comparative figures for the six months ended September 30, 1969)

	1970	1969
Balance at beginning of period	\$ 55,589	\$ 47,921
Development expenditure on previously surrendered claim	209	160
Loss on sale of fixed assets	—	—
BALANCE AT END OF PERIOD	\$ 55,589	\$ 48,290

	1970	1969
Exploration and development		
Snow Lake, Manitoba	\$ 700	\$ 279
Consulting fees and expenses	1,916	1,147
Mine supplies and expenses	2,616	1,667
Watchman's wages and benefits	1,916	3,093
Less reimbursements	700	1,711
	20,477	1,382
Wildnest Lake, Saskatchewan	2,694	306
Drilling	23,171	306
Consulting fees and expenses	—	153
Less reimbursement	23,171	153
Red Lake, Ontario	—	216
Prospecting	—	271
Geologist fees	23,871	487
	2,022	—
Administrative	166	1,200
Accounting and audit	795	797
Office rent and telephone	3,600	3,612
Directors' and officers' remuneration	827	2,658
Salaries	600	633
Office supplies and general expenses	1,669	279
Printing and postage	1,949	1,964
Transfer agents fees and expenses	9,606	11,143
Net expenditures for the period	33,477	13,165
Deduct interest and dividends earned	7,902	9,845
NET DEFERRED EXPENDITURES FOR THE PERIOD	25,575	3,320
Balance deferred at beginning of period	264,922	207,400
BALANCE DEFERRED AT END OF PERIOD	\$ 290,497	\$ 210,720

Subject to year end adjustments and audit

SNOW LAKE, MANITOBA

Manitoba Hydro has announced the imminent construction of transmission facilities which will bring into the Snow Lake area hydro electric power generated by the new Kettle Rapids power development on the Nelson River in Northern Manitoba.

The right of way for the transmission line has been surveyed and will cross our Snow Lake claims on which is situate our ore body estimated to contain 672,641 short tons averaging 5.38% Cu. and 2.28% Zn.

The transmission line is scheduled to be completed by the Spring of 1971 and the extra power which it will make available will assist greatly in our efforts to bring the property into production

On behalf of the Board.

(Signed) "D.S. Paterson"
President

November 26, 1970.

DIRECTORS' REPORT

SNOW LAKE CLAIMS:

At the time of publication of our last annual report, Falconbridge Nickel Mines Limited was in the midst of a diamond drilling programme, the objects of which were to test for the possibility of an additional parallel ore body and to test some of the known anomalies found on the property. This programme was completed in early 1970 and, although many drill holes encountered mineralization, the programme was unable to increase our proven ore reserves. The present ore reserves remain unchanged at 672,641 short tons, averaging 5.38% cu. and 2.28% zn. with values in gold and silver. A statement of Falconbridge's total expenditures on our property since June 1, 1965 will be found following this report.

Falconbridge has also completed its feasibility studies with respect to the ore body and has been working towards the development of the ore body into a producing mine. Your Company has entered into negotiations resulting from the feasibility studies and we are pleased to report that progress to date appears satisfactory. Nothing short of an early positive announcement that development work will start immediately and be continuous can divert our energies from this aspect of the Company's business, which must take priority over all other endeavours.

As indicated above, Falconbridge has not yet fully explored all of the possibilities for finding further ore on the Snow Lake claims and it is our hope that further exploratory work can be carried out simultaneously with the development of the known ore body.

WILDNEST, SASKATCHEWAN CLAIMS:

During the past year your Company has completed the second and third stages of a diamond drilling programme designed to outline the mineralized zone discovered on this property. The two phases involved drilling a total of 15 holes.

The report of our consulting Geologist received following completion of Phase 3 is reproduced in detail on subsequent pages and evidences the success being achieved at this site. It is noteworthy that in the past year, the Company's work on this property has increased tonnage by more than 100% to 2,186,000 tons without any appreciable reduction in the grade of either copper or zinc. The last holes point to a very considerable increase in the length of the mineralized intersections. The mineralized zone is still open down dip, which is the area from which the longest mineralized cores have been taken.

Further exploration programme are being planned for the property and steps are being taken to obtain tests and analysis with a view to a future feasibility study.

Prior to embarking upon Phase 3 of the drilling program, your Company and Scope Resources Limited entered into an agreement pursuant to which we acquired a further 20% interest in these claims over the course of the drilling. Your Company, therefore, now owns 70% of these claims with the balance of 30% being held by Scope Resources Limited.

OTHER EXPLORATIONS:

Six mineral claims have been staked for the Company in the Red Lake area of Ontario. The claims were staked due to their location and proximity to development work being undertaken by other companies in the same area with the possible exception of necessary assessment work, no plans have been made for detailed exploration.

Several areas of Manitoba have been investigated with a view to obtaining additional ground of geological interest. No decisions have yet been taken with respect to these areas.

CHANGES IN THE BOARD OF DIRECTORS

Mr. John B. McSorley was appointed to your Board to fill the vacancy created by the passing of our former President. Mr. McSorley is the manager of the Winnipeg office of a Mutual Fund and has been a member of the School Board in Virden, Manitoba. His interest in the Company and its success stems from a number of sources, not the least of which is his family's heavy involvement in the affairs of the Company over the past 6 years. His efforts over the past few months alone have contributed greatly to our objective of bringing the Snow Lake claims into production.

This year as in other years we must gratefully acknowledge the co-operation and assistance of those of the shareholders who have taken an active interest in the affairs of the Company, and who contributed to its endeavours.

On behalf of the Board

(Signed)

DONALD S. PATERSON

President

September 10, 1970.



PHASE II AND PHASE III DRILLING,

WILDNEST PROPERTY, SCHOTT LAKE, SASKATCHEWAN

During the fall and winter of 1969 and the spring of 1970, Stall Lake Mines Limited and Scope Resources Limited completed Phase II and Phase III of their drilling program on the Wildnest property, Schott Lake, Saskatchewan. This drilling has served to delineate the down-dip extension of the mineralized zone, establish its dimensions, and provide better control for tonnage and grade calculations. Phase II drilling consisted of holes numbered 62 to 67 inclusively; Phase III consisted of holes numbered 68 to 75 inclusively; all holes were vertical.

As the following summary tabulation indicates, most of the holes encountered substantial thicknesses of mineralization. Of particular interest are the increasing thicknesses of mineralization in the down-dip direction, and the fact that the down-dip termination of the zone has not yet been identified.

Hole No.	Interval	% Cu.	% Zn.	Remarks	Hole No.	Interval	% Cu.	% Zn.	Remarks
62	Average for 12.0 ft. 799.0 to 811.0	0.27	Tr		69	Average for 60.1 ft. 420.5 to 480.6	0.53	1.09	Includes 9.3 ft. @ 1.04% Cu.
63	Average for 22.5 ft. 740.0 to 762.5	0.06	no assay		70	Average for 74.6 ft. 491.0 to 565.6	0.54	1.96	Includes 15.0 ft. @ 0.97% Cu.
64	Average for 6.5 ft. 781.0 to 787.5	0.93	no assay		71	Average for 17.0 ft. 529.0 to 546.0	0.30	0.20	
65	Average for 52.0 ft. 270.0 to 322.0	0.38	1.84	Includes 10.0 ft. @ 0.76% Cu.	72	nil	no assay	no assay	Trace of mineral- ization only
66	Average for 25.0 ft. 235.0 to 260.0	0.96	5.48	Includes 12.5 ft. @ 1.37% Cu.	73	Average for 5.5 ft. 411.2 to 416.7	0.11	0.02	
67	Average for 10.0 ft. 161.1 to 171.1	1.71	3.48	Includes 6.0 ft. @ 2.43% Cu.	74	nil	no assay	no assay	Trace of mineral- ization only
68	Average for 58.7 ft. 439.0 to 497.7	0.85	1.53	Includes 17.0 ft. @ 1.50% Cu.	75	Average for 90.0 ft. 601.9 to 691.9	0.35	2.25	Includes 20.0 ft. @ 1.06% Cu.

An up-to-date calculation of tonnage and grade has been made of that portion of the mineralized zone extending from the outcrop area on the west side of the lake to a point beneath the eastern shoreline.

In this area the drilling results indicate that mineralization is probably continuous, although grades and dimensions of the zone are variable. The zone strikes N35° W and dips approximately 18° to the northeast. The down-dip length from the outcrop of the zone to a point beneath the east shore of the lake is approximately 2100 feet. The width, measured parallel to the strike direction, varies from 175 feet to 500 feet. True thickness is variable; some values as great as 85 feet have been determined.

The tonnage and grade estimate is based on data from all available drilling west of drill hole No. 75, and the calculations assume linear variations in grade and thickness between holes. The limits of the mineralized zone, chosen for the calculations were:

- (a) minimum grade: 0.50% Cu. or 2.00% Zn.
- (b) minimum true thickness: 7.0 feet.

(These limits should not be misconstrued as representing, necessarily, the economic limits of the zone.)

The estimated tonnage and grade, excluding dilution effects, are as follows:

- (a) tonnage: 2,186,056 short tons
- (b) average grade copper: 0.61%
- (c) average grade zinc: 1.35%

Gold and silver values are generally low and have not been included in the calculations. The highest values assayed in the Phase II and Phase III drilling were:

- 0.04 oz. gold/ton
- 0.72 oz. silver/ton

These values were obtained in separate 5 foot intervals in hole No. 75 .

The results of exploration to the present time have led to the consideration of further drilling and the initiation of a preliminary feasibility study to assess the economic potential of the drilled sulphide zone. As well, additional geological and geophysical surface work, to detect the presence of other mineralized occurrences on the property, appears to be warranted and is now under consideration.

Excerpts of this report should not be reproduced out of context without the written permission of the author.



Respectfully submitted,

A handwritten signature in dark ink, appearing to read "W. C. Brisbin".

W. C. Brisbin, P. Eng.

AUDITORS' REPORT

To the Shareholders of
Stall Lake Mines Limited

We have examined the balance sheet of Stall Lake Mines Limited as at March 31, 1970 and the statements of deferred exploration, development and administrative expenditures, deficit, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at March 31, 1970 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne, Gunn, Helliwell & Christenson.

Winnipeg, Canada
June 1, 1970

Chartered Accountants

STALL LAKE MINES LIMITED
(Incorporated under the laws of Manitoba)

BALANCE SHEET - MARCH 31, 1970
(with comparative figures at March 31, 1969)

Approved by the Board

STALL LAKE MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT
AND ADMINISTRATIVE EXPENDITURES

YEAR ENDED MARCH 31, 1970

Exploration and development		
Snow Lake, Manitoba		
Consulting fees and expenses	\$ 1,570	
Mines supplies and expenses	4,338	
Watchman's wages and benefits	3,333	
	<u>6,241</u>	
Less reimbursements	3,445	\$ 2,796
Wildnest Lake, Saskatchewan (note 1)		
Consulting fees and expenses	1,633	
Drilling	47,561	
Property development expenditures	<u>14,000</u>	
	63,194	
Less reimbursements	<u>11,153</u>	52,041
Red Lake, Ontario		
Prospecting	216	
Geologist fees	<u>271</u>	487
Administrative		
Accounting and audit	2,100	
Office rent and telephone	1,425	
Office supplies and general expenses	1,285	
Officers' remuneration	9,485	
Printing and postage	2,253	
Salaries	3,347	
Transfer agents' fees and expenses	<u>2,042</u>	21,937
Expenditures for the year		77,261
Deduct interest and dividends earned		<u>19,252</u>
NET DEFERRED EXPENDITURES FOR THE YEAR		58,009
Balance deferred at beginning of year		207,400
Less transfer to deficit (note 3)		<u>265,409</u>
		487
BALANCE DEFERRED AT END OF YEAR		<u>\$ 264,922</u>

STALL LAKE MINES LIMITED

STATEMENT OF DEFICIT

YEAR ENDED MARCH 31, 1970

Balance at beginning of year	\$ 47,921
Development expenditure on previously surrendered claim	209
Settlement of Heather claim	5,975
Transfer from deferred exploration, development and administrative expenditures	487
Deposit for options on abandoned Red Lake claims	1,645
Loss on sale of fixed assets	<u>223</u>
	56,410
Deduct gain on sale of marketable securities	<u>821</u>
BALANCE AT END OF YEAR	<u>\$ 55,589</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED MARCH 31, 1970

SOURCE OF FUNDS	
Issue of capital stock	\$ 17,602
Proceeds from sale of equipment	885
Gain on sale of marketable securities	821
Sundry shares reclassified as current assets	<u>7,185</u>
	26,493
APPLICATION OF FUNDS	
Net deferred expenditures for the year	58,009
Deferred expenditures on surrendered claims	1,854
Settlement of Heather claim	<u>5,925</u>
	65,788
DECREASE IN WORKING CAPITAL	39,295
WORKING CAPITAL AT BEGINNING OF YEAR	<u>253,073</u>
WORKING CAPITAL AT END OF YEAR	<u>\$ 213,778</u>

STALL LAKE MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 1970

STALL LAKE MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 1970

1. MINING CLAIMS

18 claims (M5819 to M5836) in the Snow Lake area, of the Pas Mining District, Manitoba, acquired by the issuance of 750,000 common shares

Under the terms of an agreement dated June 1, 1965, Falconbridge Nickel Mines Limited has acquired a 50% interest in these claims. The agreement further provides that should Falconbridge incorporate a new company to operate any of the claims, their interest would be increased to 60%.

48 claims in the Wildnest Lake area, of the Churchill Mining District, Saskatchewan - a 66 $\frac{2}{3}$ % interest acquired for cash

Pursuant to an agreement, date March 2, 1970 the company received an additional 12 $\frac{1}{2}$ % interest in these claims from Scope Resources Limited. The consideration for the interest in these claims was \$25,000 which amount has been included in drilling and property development expenditures. A further 7 $\frac{1}{2}$ % interest may be received from Scope Resources Limited for each \$4,000 expended by Stall Lake Mines Limited for exploratory work on these claims. Once the agreement has been fulfilled, Stall Lake Mines Limited will own a 70% interest in these claims and Scope Resources Limited will have a 30% interest

\$ 114,050

2. FIXED ASSETS

All fixed assets are recorded at cost. No provision has been made in the accounts for depreciation on these assets.

	1970	1969
Building	\$ 17,606	\$ 17,606
Machinery and equipment	55,955	57,063
Jeep and trailer	<u>6,950</u>	<u>6,950</u>
	80,511	\$ 81,619

3. DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES

Snow Lake, Manitoba	\$ 211,067
Wildnest Lake, Saskatchewan	<u>59,780</u>
	\$ 270,847

Deferred expenditures reflect cumulative totals for these claims remaining in good standing. Cumulative totals of administrative expenditures, less interest and dividends earned, have been included in the Snow Lake, Manitoba expenditures.

The transfer to deficit includes Red Lake, Ontario expenditures for the current year of \$487.

4. CAPITAL STOCK

Issued during the year \$ 112,500

In accordance with the company's incentive stock option plan for its officers, the company issued 14,668 common shares at \$1.20 per share.

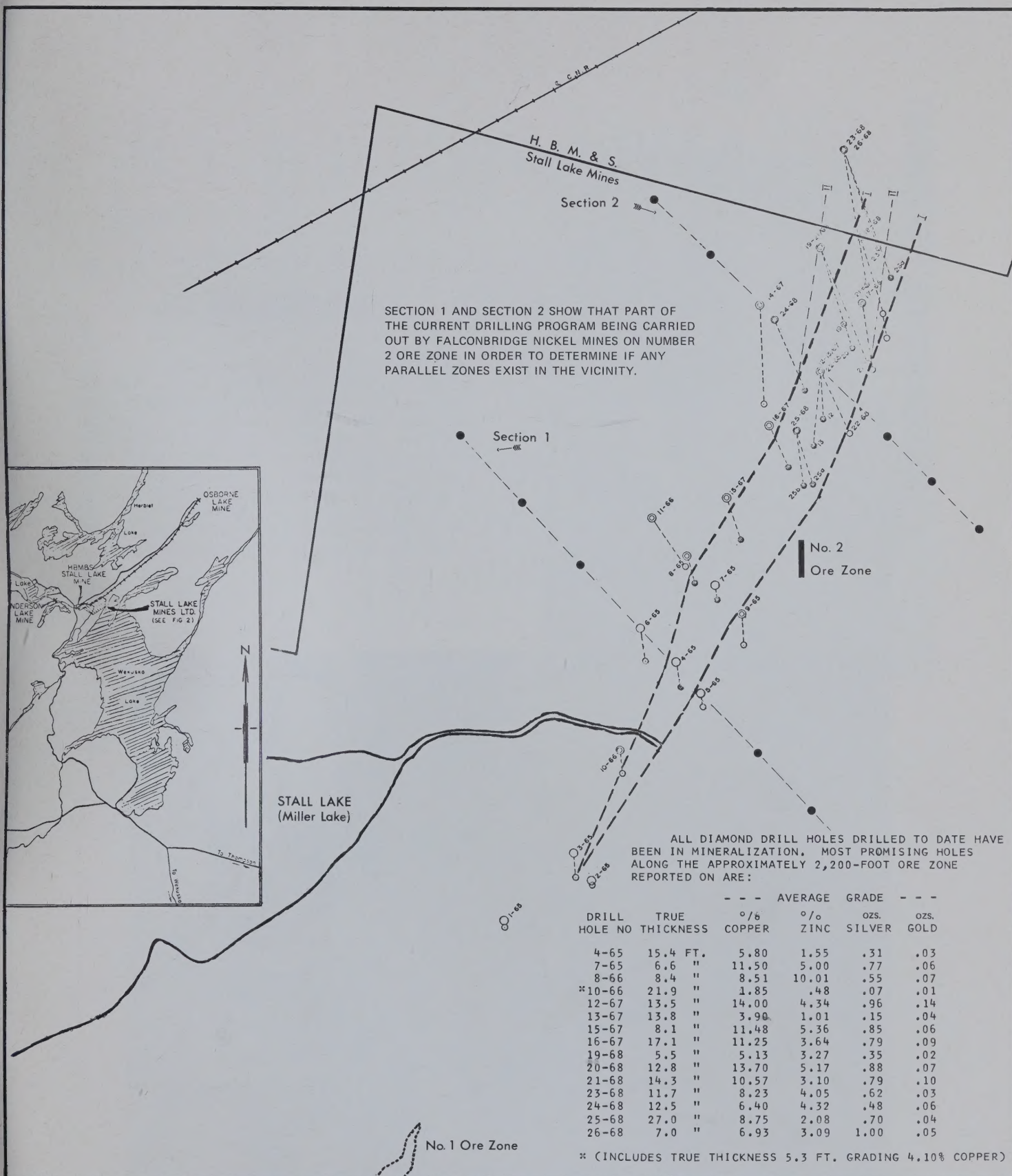
Options

At March 31, 1970 an option to a senior officer (now deceased) for the purchase of 20,000 shares at \$1.00 per share was outstanding and exercisable anytime before December 31, 1972. This option is exercisable by the officer's estate on or before September 30, 1970.

At March 31, 1970 options to officers or their estates for the purchase of 14,665 common shares at \$1.20 per share were outstanding. These options are exercisable over the next year, provided that they will be exercised on or before April 18, 1971.

1,550





FALCONBRIDGE STATEMENT

Statement of Expenditures in respect of Mining Claims
Numbers M 5819 to M 5836 in the Herb Lake Mining
Division of The Pas Mining District in the Province
of Manitoba in accordance with agreement with Stall
Lake Mines Limited dated June 1, 1965

	Expenditures June 1, 1965 to Sept. 30, 1969	Expenditures Oct. 1, 1969 to July 31, 1970	Total Expenditures June 1, 1965 to July 31, 1970
Surveys:			
Salaries and wages	\$ 16,785.09	\$ 434.16	\$ 17,219.25
Contract payments	8,223.10	3,442.34	11,665.44
Field expenses and supplies	4,521.08	457.03	4,978.11
Transportation	2,530.72	117.37	2,648.09
	32,059.99	4,450.90	36,510.89
Diamond drilling:			
Salaries and wages	39,464.31	4,249.16	43,713.47
Contract payments	271,396.94	143,649.70	415,046.64
Field expenses	5,236.32	760.13	5,996.45
Transportation	5,186.77	1,149.66	6,336.43
	321,284.34	149,808.65	471,092.99
Assays	8,413.61	5,848.59	14,262.20
Drafting	973.55	1,632.86	2,606.41
Property maintenance	11,009.20	1,464.27	12,473.47
Regional office expense	6,051.39	750.35	6,801.74
Other expense	21,500.00	-	21,500.00
	\$401,292.08	\$163,955.62	\$565,247.70

CERTIFIED CORRECT

K. Dunn
K. Dunn, Controller,
Falconbridge Nickel Mines Limited

Dated at Toronto this 21st day of August, 1970.



IN MEMORIAM

It is with great regret that we must announce the death of your President, Mr. Wilford J. McSorley was a director and the chief executive officer of your company continuously since 1964 and was instrumental in guiding us through the company's most difficult years. His many achievements include the negotiation of the Falconbridge agreement without which your Company would probably have become little more than an empty shell. His talents and counsel will be sorely missed by all of us who have had the pleasure of being associated with him.



BRUCE WHITE BURSARY

In 1969 your Company in conjunction with Scope Resource Limited, established the Bruce White Bursary to honor the memory of Mr. G. Bruce White, former Secretary-Treasurer of the Company. The bursary, in the amount of \$250.00, is awarded annually to students entering the first year of the Mineral Sciences course at Keewatin Community College (formerly the Northern Manitoba Vocational Centre) in the Pas, Manitoba. We are pleased that this year the award of the Bursary was instrumental in helping two deserving students defray the expense of their post-secondary education.

In the future, the bursary will also honor the memory of our past president, Mr. Wilford J. McSorley, and will hereafter be known as the G. B. White — W. J. McSorley Bursary.

